

WORKFORCE OBSERVATIONS

FOR MILWAUKEE COUNTY/WOW COUNTIES

APRIL 2002



State of Wisconsin
Department of Workforce Development

A Glimpse of Better Days to Come

The Milwaukee-Waukesha Metropolitan Statistical Area (MSA) economy has begun to show signs of a slow, but stable recovery. For the month of March, the metropolitan seasonally adjusted unemployment rate stood at 6.2%, which is 0.3% below the state rate, and 0.1% lower than the unemployment rate for February of this year. This rate remains nearly two percent (1.6%) higher than the same period one year earlier. The lower unemployment rate for the month should be met with some cautious optimism, as the downward shift in unemployment can be almost wholly attributed to a decrease in the number of unemployed persons. This, coupled with a 2,300 person decrease in the labor force resulted in the small decrease in the unemployment rate. While, taken as an aggregate measure, the March rate exhibits little change over February's rate. However, given the recent economic slowdown, stability is certainly favored over sustained losses.

The **Milwaukee County** not seasonally adjusted unemployment rate stood at 7.0 percent in March. The county reported unemployment was 0.1% lower than a month earlier, matching the metropolitan area decrease, but remains significantly higher than the same period from a year ago, when the March unemployment rate was 1.6% lower at 5.4%. While this increase remains significant, particularly in light of the rash of plant closings and mass layoffs that have occurred over the past year, particularly in the manufacturing industry, as noted earlier, the realization that the annual change from March 2001 matches that from February 2001 may lead one to conclude that the regional workforce has begun to stabilize in the wake of the recent economic slowdown.

With regards to specific industry-related employment, several sectors posted significant gains and losses over the past month. The manufacturing sector continued its pattern of erratic behavior in March, resulting in a loss of 480 positions in the metropolitan area, and 2,500 statewide. This loss follows a month in which manufacturing posted its first gain in reported employment in nearly a year and a half. Despite reports of increased production demands and reduced inventories, this sector remains sluggish with regards to hiring patterns. In stark contrast, the retail trade sector continued to

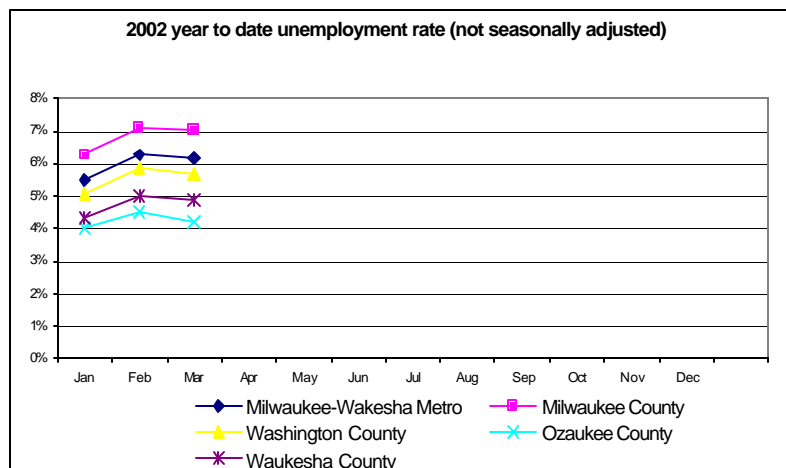
post strong gains in employment, adding another 1,200 positions in March. Service sector firms added another 900 positions, and government employment also posted significant employment gains. Finally, as a sign of seasonal weather changes and the beginning of the spring building season, construction and mining firms reported an increase of 1,200 employed workers over the course of the month. Still the regional and statewide economies continue to lag due to the losses experienced in manufacturing, which have mounted to 31,000 lost positions statewide, and 8,200 locally over the course of the past year.

The workforce situation in the three WOW counties (Waukesha, Ozaukee, and Washington) mirrored closely that of the entire metropolitan over the course of the past month. The regional not seasonally adjusted unemployment rate was reported at 4.9% in March, which represents a 0.2% decrease over February, and a 1.5% increase over the same time last year. The decrease in unemployment can be attributed primarily to a decrease of 1,100 in the ranks of those reporting an attachment to the labor force. As decreases in those employed (570) matched the decrease in the number of unemployed, the regional rate tends to suggest a certain level of stability in the workforce, which is a positive indicator of future growth.

Moving from a regional to a county perspective, not seasonally adjusted unemployment rate in the three WOW counties showed decreases over the course of the month. Washington County reported a 5.7% rate, Ozaukee County reported a 4.2% rate, and Waukesha County mirrored

the regional workforce in reporting a 4.9% rate. While each of these rates is significantly (between 1.3 and 1.5%) higher than the same period one year ago, these rates again point to a stabilization of the regional workforce.

Mirroring hiring activity in Milwaukee County, employment gains in the WOW region were focused in construction and mining (710) and retail trade (450). The gains posted in construction employment can be attributed to the annual start of the summer building season. Despite the seasonal nature of



(Continued on page 2)

(Continued from page 1)

this employment shift, one can safely conclude that increases in construction employment, which has returned to levels nearly equal to those present in the region one year ago point to renewed hopes for a timely recovery, particularly when one takes into account the assumption that new construction serves as an indicator of economic health. The gains in retail trade are somewhat unexpected, given that the late winter months are traditionally one of the less active retail spending periods. However, given the expected demand for retail services as the region's population continues to grow, this trend is not unusual. Manufacturers posted modest job losses over the course of the month, with a total reduction of 200 positions in the region. The service sector posted significant employment gains.

As the region and state emerge from what was a more mild-than-expected winter season, a renewed emphasis is placed on

regional growth, particularly in seasonal employment in construction and manufacturing. In addition, increases in service and retail employment as a result of the beginning of the summer tourist season are also expected over the course of the next several months. The true test for the region will be whether these seasonal shifts can be translated to more permanent growth.

One factor that may stand in the way of future growth is the uncertainty over foreign petroleum sources. As the summer naturally brings higher gasoline prices due to the use of a reformulated blend to abate pollution concerns, any further uncertainty in the market could impose additional constraints on supplies and thus raise prices. Increased costs among producers may lead to delayed hiring decisions. However, every indication is that the momentum generated by recent months' activity may be sufficient to alleviate any concerns.

	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County
March 2002					
Civilian Labor Force*	3,049,813	828,590	489,477	49,571	70,083
Persons Employed	2,851,116	777,448	455,110	47,492	66,118
Persons Unemployed	198,697	51,142	34,367	2,079	3,965
Unemployment Rate	6.5%	6.2%	7.0%	5.7%	4.2%
Total jobs of all non-farm industries**	2,774,397	849,835	547,680	46,240	38,489
Goods Producing Jobs	672,090	189,942	96,216	17,093	12,945
Service Producing Jobs	2,102,307	659,893	451,464	29,146	25,544
Construction & Mining	108,885	31,077	12,809	2,415	1,423
All Manufacturing	563,205	158,865	83,407	14,678	11,522
Transportation, Communications & Public Utilities	130,047	39,149	28,638	1,772	831
Wholesale Trade	135,683	46,867	24,119	2,315	1,540
Retail Trade	490,124	133,421	82,833	8,304	7,030
Finance, Insurance, and Real Estate	151,303	57,956	42,086	1,971	1,942
Services	770,339	285,948	205,853	9,099	10,102
All Government	424,811	96,552	67,935	5,685	4,099
Change from February 2002					
Civilian Labor Force*	-250	-2,310	-1,160	-260	-240
Persons Employed	5,020	-1,380	-810	-120	-90
Persons Unemployed	-5,260	-930	-360	-140	-150
Unemployment Rate	-0.2%	-0.1%	-0.1%	-0.2%	-0.3%
Total jobs of all non-farm industries**	15,740	3,380	1,990	180	140
Goods Producing Jobs	640	790	280	60	30
Service Producing Jobs	15,100	2,580	1,710	130	110
Construction & Mining	3,180	1,210	500	90	60
All Manufacturing	-2,540	-420	-220	-40	-30
Transportation, Communications & Public Utilities	630	-60	-40	0	0
Wholesale Trade	410	150	80	10	0
Retail Trade	5,080	1,200	740	70	60
Finance, Insurance, and Real Estate	530	90	70	0	0
Services	5,130	920	670	30	30
All Government	3,330	280	200	20	10
Change from March 2001					
Civilian Labor Force*	89,050	18,100	11,180	1,370	940
Persons Employed	45,950	4,130	2,420	350	250
Persons Unemployed	43,100	13,970	8,760	1,020	690
Unemployment Rate	1.3%	1.6%	1.7%	1.4%	1.3%
Total jobs of all non-farm industries**	-16,480	-8,260	-4,060	-750	-570
Goods Producing Jobs	-33,230	-8,300	-4,350	-770	-600
Service Producing Jobs	16,750	40	280	10	30
Construction & Mining	-2,400	-110	-50	-10	-10
All Manufacturing	-30,830	-8,190	-4,300	-760	-590
Transportation, Communications & Public Utilities	-2,490	-770	-560	-30	-20
Wholesale Trade	-280	-1,610	-830	-80	-50
Retail Trade	2,740	450	280	30	20
Finance, Insurance, and Real Estate	2,490	-60	-40	0	0

Questions and comments regarding this publication are welcome. Direct to: **Jeff Sachse, Labor Market Economist**

892 Main Street, Suite J, Pewaukee, WI 53072

262-695-7784 262-695-7799(FAX) E-mail: sachsje@dwd.state.wi.us

Look for the most current Labor Market Information at: WWW.DWD.STATE.WI.US/LMI